



NEWS RELEASE

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SBA HIRES FINANCIAL ADVISORS FOR ASSET SALES PROGRAM

WASHINGTON – The U.S. Small Business Administration (SBA) has selected contractors to assist the Agency in developing and implementing a comprehensive program to sell small business loan assets valued at up to \$8.7 billion, SBA Administrator Aida Alvarez announced today.

The sales program is part of SBA's broad strategy to improve the agency's ability to manage the risk of its loan programs and continue its transformation into a leading edge 21st Century financial institution.

The loans to be sold include both performing and non-performing small business and disaster loans in the agency's loan portfolio. They include direct and guaranteed loans made under SBA's 7(a) Loan Guaranty program, the 504 Certified Development Company loan program and the Disaster Assistance loan program.

"This is a debt management tool that is integral to SBA's bottom line fiscal management improvements," said SBA Administrator Aida Alvarez. **"These sales will allow us, essentially, to convert these assets to cash and shift these resources into our core mission, which is backing private sector capital outlays to small businesses and providing disaster relief loans."**

"We are very pleased about the private sector team that we have assembled," Administrator Alvarez said. **"It is made up of highly qualified businesses supporting the SBA's asset sales efforts. These firms include large, small, small disadvantaged, 8(a), and women-owned businesses."**

The first sale – scheduled for mid-1999 – will consist primarily of non-performing 7(a) and 504 loans that are serviced by SBA. These loans have an unpaid principal balance of approximately \$400 million.

From the General Services Administration's (GSA) schedule of approved contractors, the SBA has selected a program financial advisor. The agency also selected two additional private sector advisors to ensure a professionally managed and prudent asset sales program.

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SBA awarded a contract for the program financial advisor to Whitestone Capital Group, Inc., an investment banking firm based in New York City. This company will oversee the entire SBA asset sales program.

In addition, SBA selected KPMG LLP, as a transaction financial advisor to structure and market the sale of the first portfolio of loans, scheduled for mid-1999.

The third contract was made to Metec Asset Management, LLC, for due diligence services. Metec is a management consulting and financial services company with offices in Miami, Fla., and Arlington, Va.

SBA has selected these private sector companies for the expertise to help it prudently market its loan assets to ensure the maximum return for taxpayers.

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The U.S. Small Business Administration, established in 1953, provides financial, technical and management assistance to help Americans start, run, and grow their businesses. With a portfolio of direct and guaranteed business loans and disaster loans worth more than \$45 billion, SBA is the nation's largest single financial backer of small businesses. Last year, SBA offered management and technical assistance to more than one million small business owners. SBA also plays a major role in the government's disaster relief efforts by making low-interest recovery loans to both homeowners and businesses.

America's 23 million small businesses employ more than 50 percent of the private workforce, generate more than half of the nation's gross domestic product, and are the principal source of new jobs in the U.S. economy.

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